

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Catskill Hudson Bancorp, Inc

Point of Contact:	Glenn B. Sutherland President and CEO	RSSD: (For Bank Holding Companies)	3443998
UST Sequence Number:	878	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	7	FDIC Certificate Number: (For Depository Institutions)	33859
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 27, 2009	City:	Rock Hill
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Average loans outstanding in December 2009 were \$158.2 million and in December 2010 were \$173.0 million, an increase of \$14.8 million.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Average commercial loans including commercial mortgage and small business loans increased from \$134.9 in December 2009 to \$150.0 million in December 2010. Average consumer loans increased from \$20.2 million in December 2009 to \$20.7 million in December 2010.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

Average ABS decreased from \$41.1 million in December 2009 to \$37.5 million in December 2010. Average MBS increased from \$34.0 million in December 2009 to \$63.6 million in December 2010. Average municipals increased from \$22.0 million in December 2009 to \$40.1 million in 2010.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

Allowance for Loan Losses was \$1.8 million at December 2009 and increased to \$2.8 million at December 2010.

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank was able to leverage the \$3.0 million of CPP funds received in February 2009 and the \$3.5 million of CPP funds received in December 2009 to increase average deposits from \$210.3 million in February 2009 to \$242.1 in December 2009 and to \$293.7 million in December 2010, an increase of \$83.4 million. Those deposits were deployed by increasing average loans within the Bank's local targeted market area by \$33.8 million and increasing average securities by \$68.8 by December 2010. The increased earning assets increased the Bank's net income from \$1.3 million in 2009 to \$1.8 million in 2010.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.